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How to Negotiate With Banks for a Short Sale

Tips for Getting the Short Sale Bank to Accept the Short Sale

By **Elizabeth Weintraub** | Updated on November 16, 2021

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The biggest problem with short sale negotiations has little to do with the buyer's agent and everything to do with the listing agent. If the listing agent is incompetent and misleads on pricing the home, coupled with weak short-sale negotiation skills, nothing short of a miracle is going to help.

Short sales involve asking the existing lender(s) to accept less on a sales price than the mortgage amount. They work primarily because the home is upside-down in value—meaning more is owed against the home than the home is worth on today's market.

Be aware that the seller does not need to be in default for a short sale to occur; however, the credit ramifications can be exactly the same for a short sale as a foreclosure.^[1]

Short Sale Negotiation Problems

say, providing they haven't already lost the file or laid off the previous negotiator.

If your file is incomplete, it's entirely possible your request for a short sale will fall to the bottom of the pile.

You will start with the loss mitigation department and you might talk to a different person each time you call.

If foreclosure is looming, ask for the file to be escalated to a negotiator immediately, but expect that request to fall on deaf ears.

The seller must be facing a hardship. If you can't substantiate the hardship, chances are your short sale will be not be approved.

Send comparable sales that support the offering price because if the bank thinks it can get more money through foreclosure proceedings, it won't entertain offers at list price.

Negotiating With the Short Sale Negotiator

Don't be astonished if you end up dealing with more than one negotiator. I don't know if negotiators quit mid-stream because they can't handle the pressure or if the bank reassigns them to another position because the bank is short-handed.

Much like a projectionist at the movie theater being forced to sell popcorn in the lobby, your negotiator could be out in the bank's parking lot directing traffic the next time you call.

Get the name, phone number (and, if possible, email) of the negotiator.

Withhold your disappointment if that negotiator is no longer available when you call. Get the data on the next person.

Don't take no for an answer. Ask for a supervisor. Be persistent.

Be prepared to state your case in strong terms that the bank will understand.

Be Relentless in Short Sale Negotiations

The bank could be relentless, so you better be prepared to fight with the same set of tools. Be polite, but be firm and don't back down. Sometimes, although not very often, the bank will want to negotiate the real estate commission as well, plus there are cases where the bank decided at closing to renege on the promise to pay a commission.

Be aware that the bank isn't forced to agree to anything.

Ask for every agreement to be in writing, but don't be surprised when you don't get it.

Make notations and keep a record of every conversation, with whom, and the date and time. You may need it in court.

Ask the bank for a timeline and when it might be a good time to call back. Then call again a few days early.

When you repeatedly receive voice mail, leave a message and call again just before lunch, right after lunch, just before the day ends and again in the morning before the day begins.

I'd love to see the day when banks get their acts together to deal with short sales on a practical level, but until that day comes—like when pigs fly—don't let the day-to-day irritations annoy you or your agent and keep on making those calls. Many short sales do eventually close.

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